

1 HB122  
2 103747-1  
3 By Representative Graham  
4 RFD: Education Policy  
5 First Read: 03-FEB-09  
6 PFD: 01/14/2009

SYNOPSIS: Under existing law, an active, vested, and contributing member of the Teachers' Retirement System (TRS) is not allowed to purchase credit in the system for service rendered to an educational institution that receives direct appropriations from the Education Trust Fund but does not participate in the TRS.

This bill would reopen TRS for one year to allow an active, vested, and contributing member to purchase up to five years of credit in the system for certain prior service rendered to an educational institution that receives direct appropriations from the Education Trust Fund but does not participate in the TRS.

A BILL  
TO BE ENTITLED  
AN ACT

1           Relating to the Teachers' Retirement System, to  
2     permit purchase of credit in the system for certain prior  
3     service rendered to an educational institution of higher  
4     education that receives direct appropriations from the  
5     Education Trust Fund but does not participate in the TRS.  
6     BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7           Section 1. (a) Any active, vested, and contributing  
8     member of the Teachers' Retirement System who has been  
9     employed in public education for a minimum of 10 years may  
10    claim and purchase service credit in the system not to exceed  
11    five years for prior service between 1974 and 1989 rendered to  
12    an educational institution of higher education that receives  
13    direct appropriations from the Education Trust Fund but does  
14    not participate in the TRS. The certification of prior service  
15    claimed under this section shall conform to applicable  
16    administrative rules and procedures of the Teachers'  
17    Retirement System. Members shall receive credit for the prior  
18    service when they remit to the system the contributions  
19    required by subsection (b). No member shall receive credit for  
20    any service for which the member is already credited within  
21    the system or any public retirement plan, with the exception  
22    of the federal Social Security program.

23           (b) Any member who is eligible to purchase service  
24    credit pursuant to subsection (a) shall pay to the  
25    Secretary-Treasurer of the system, within one year from the  
26    effective date of this act, for the claimed service, the full

1       actuarially determined cost for each year of claimed service  
2       as determined by the system's actuary.

3               Section 2. Any year of service purchased under the  
4       provisions of this act shall not be considered in determining  
5       the out-of-pocket premium amount charged to retirees under the  
6       provisions of Section 16-25A-8.1 or Section 36-29-19.7, Code  
7       of Alabama 1975. Also, any service purchased under this act  
8       shall not entitle a member to be eligible for benefits under  
9       either the Public Education Employees' Health Insurance Plan  
10      or the State Employees' Health Insurance Plan any earlier than  
11      the member could have reached eligibility under the plan  
12      without the service purchased under the provisions of this  
13      act.

14              Section 3. This act shall become effective on  
15      October 1, 2008, following its passage and approval by the  
16      Governor, or its otherwise becoming law.